G. R. S. App. F. IX-4]

*Previous References.*

1943 - 4

( Seri. )

File No. 43-43 1-5

Serial Nos. ~~one~~

*Later References.*

RECEIVED

# GENERAL AND REVENUE SECRETARIAT

*Serial Nos.* ~~one~~ two

**Part B for** Dec 43'

SUBJECT.

Reprisal of the Silk produced by the Vellore paraclu Silk co, by Govt of India"

No ancient Calcutta letter

Letter dated 6th August 1943 from the President Vellore parachute Silk Co., stating that the Govt of India have prohibited the purchase of Silk produced by the Company thus rendering heavy loss and requesting the Govt to give him relief.

1) It is stated in the para 2 of the letter that he has enclosed a copy of letter addressed to the Controller of Supplies South India circle. But the same is not received in this office. The President Vellore parachute Silk Co., may be asked to forward the same. A draft letter is however put up for consideration.

2) There is a reply from the S.O. Please put up.

For
7/9/43

Letter No. F 28 dated 31-8-1943 from the Special officer Silk Filature Expansion Scheme forwarding information regarding the question of disposal of Raw Silk produced by Vellore parachute Silk Co., prior to 1-7-1943.

3) The connected papers Sent with reference to para 2.

The Spl officer Coimbatore Rajaji has written to Consult him Govt to purchase his Silk.

Submitted for orders on Mr. Sundaramurthy's note. The S.O does not however indicate how else Mr. S. Murthy Can be helped. May be asked for suggestions, if any. There are further reps. Please

Refusal of Silk produced by M/s Vellore Parachute Silk Co. before the Contracted period. C094/1545-

Continuation Sheet. File No. / Current No. of Page.

There are no previous papers on relating to this question. Re-submitted for orders with reference to the foregoing points.

The S.O. has explained the position at length. The President Vellore Parachute Co has offered to sell the silk produced before 1.7.43 at Rs 87/- lb & the Controller of Supplies Madras seems to have agn to purchase the silk at that price.

As stated by the S.O. it does not appear possible to compel the Govt of India to purchase the silk produced before 1.7.43. The S.O. had intimated the President so long back as 13.5.43 make his own arrangements to to sell such silk. In the circumsta no further action appears necessary

for perusal.

Chief Secy) 29/11/43

A. I agree.

WD 9/11/43

May be submitted to the Minister R & L 9/11

15/11

Min R & L) 16/11/43

17/11

19/11/43

WD 1140—GPB—50,000—5-11-42

pc to the Minister for Supply & Labour

Instructions taken & recorded in the file.

2649 3 NOV 1943

OFFICE OF THE MINISTER FOR SUPPLY & LABOUR 18 NOV 1943 No. 2828

Refusal of the Silk purchases by

Parachute Silk Co. by Govt of India.



No further action appears necessary on this file Except perhaps issue of a reply to M. V. Sundaramurti's letter of 6-8-43. For orders a draft reply is also put up.-

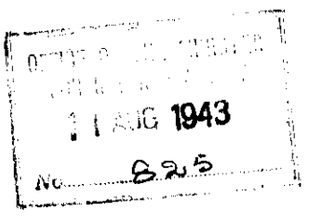
The reply is endorsed on 27/43 for orders above. May this kapy be filed?

27/11

27/11/43

# VELLUM PARACHUTE SILK CO.,

T:
JRTHY
CTOR:
LTD.




WORKS:
GORIBIDNUR
YESVANTAPUR

TELEPHONES:
PRESIDENT 2361
GENERAL OFFICE 2467

PALACE ROAD
BANGALORE

6th August, 1943.

Dear Mr. Anantaraman, Sess. 43-43-L

I am very sorry that I won't be able to attend the meeting of 9th instant owing to heavy work at Goribidnur and my presence is absolutely essential there. Hope to be excused for my absence.

1. I herewith enclose a letter received from the Controller of Supplies, South India Circle, Madras refusing the silk. On the 11th June, '43 I had a letter from the Controller of Supplies to the effect that according to the terms of agreement the Government of India have the option to purchase the silk produced before the commencement of contract on 1-7-1943 requesting my Company to furnish with the quantity of silk available for sale and the approximate rate per lb. It is a month since I have replied to this for which I got a reply only to-day. At that time when the Government offered to purchase all the silk available before the commencement of contract the prices were high and advantageous enough. Moreover there was no cocoon control then. I purchased the cocoons at the rate of Rs. 2/4/- and 2/8/- per lb. and manufactured silk. If the Government had refused the silk then and there I would have sold the silk to my advantage since the prices were high then. Now the prices of silk have gone down very much and I will have to incur a heavy loss if I have to sell at present price. So I request the Government to take up this matter in the light represented and give me relief.

2. I submit the following progress report of my Filature. In the Yeswanthapur factory 56 basins are working. Construction of buildings at Goribidnur is practically completed and I have also completed the erection of machinery for 10 basins and hope to bring the 150 basins into operation by the end of this month. Another set of basins will be completed during next week. ah- Yeswanthapur.

Mr. K.V.Anantharaman,
The Chairman,
Silk Expansion Scheme,
Bangalore City.

Sincerely,

**GOVERNMENT OF MYSORE** Lan 43-43-2

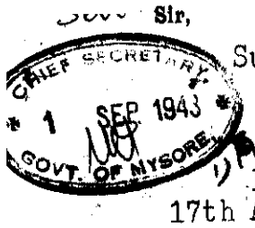
**OFFICE OF**

the Special Officer,
Filature Expansion Scheme,
United India Building,
Bangalore City, **Date** 30th August 1943.

31 10945 154

V.Vedavysacharya, Esq., B.A.,
Chief Secretary to the Government of Mysore,
Bangalore.

Sir,




Subject:- Disposal of raw silk produced by Vellum Parabhute Silk Co.,Ltd:, prior to 1-7-1943.

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I have the honour to submit herewith copy of letter dated. 17th August 1943 received from the President, Vellum Parachute Silk Co.,Ltd., re: the silk produced in the Filature at Yeswantapur prior to 1-7-1943 i.e. date of commencement of contract with Government of India.

The President, Vellum Parachute Silk Co., in his letter dated 5th May 1943 wrote to me saying that 14 basins were working producin about 8 lbs. of silk a day, that he had 55 lbs of silk on hand and wanted to know whether the stock was required by the Government. This point was discussed by me with the Minister for Revenue and Law on the afternoon of 5-5-1943 when it was decided that the Vellum Parachute Co. might be permitted to sell away the silk in the open market to reimburse the working advance and that the Controller of Supplies, Madras, might be intimated about the action taken. This decision was personally intimated by me to Mr.Sundaramu immediately.

The question was discussed again at the Meeting of the Filature Expansion Committee held on 12-5-1943 and the following extract gives the decision recorded by the Committee:-

> "Mr.V.Sundaramurthy wanted to know whether the silk produced in the basins erected under the Expansion Scheme before the commencement of contract would be sold away or whether it ha to be reserved for the Government of India.
>
> The Chairman pointed out that the output of raw silk in the basins put up under the Expansion Scheme was primarily to m the Government of India requirements, that it was likely tha much or all of the silk produced in these basins in the beginning and before the commencement of the contract might be of the "sub standard" quality and that, in the circumsta the Government of India might be requested to intimate thei wishes in the matter of taking over this output of sub standard silk before the date of commencement of contract, - the private filature companies being permitted in the meanw to dispose of such output in the market, to avoid locking up of working capital.
>
> The filatures should keep the Special Officer informed re: the product sales and stocks of raw silk so that the silk might be made available to the Government of India if desired by them."

The decision of the Committee was intimated to the President, Vellum Parachute Silk Co.,Ltd., in my No.F.653 of 13-5-43 to enable him to make his own arrangements to sell away the silk pending decision of the Government of India in the matter of exercising the

5 In my No.F.652 of 13-5-43 I requested the Controller of Supplies South India Circle, Madras to intimate to me very early whether the Government of India would wish to buy over the silk produced by the new basins before the date of commencement of contract and told him that pending receipt of definite information from the Government India, the filature interests concerned had been advised to sell away the silk in order not to lock up the working capital and to enable them to go on with the training work etc. I also intimated the Controller of Supplies, that I had requested the filature interests concerned to keep me informed re: output and disposal and stocks so that I might ask them to reserve the silk for the Government of India in case the same was required for war purposes.

6 In his letter No.19538/B of 17-5-1943, the Controller of Supplies intimated to me that he had referred the matter to the Directorate General of Supply.

7 The Controller of Supplies, South India Circle, Madras issued a circular letter No.19538/B dated 11-6-43 to the private filatures stating that the question of buying the silk produced before commencement of contract was under consideration and asked for particulars re: quantity available for disposal and the approximate rate per lb. The President, Vellum Parachute Silk Co.,Ltd., wrote to the Controller of Supplies, Madras, in his letter of 10-7-1943 that he had 219 lbs 9½ oz. of silk produced before 1-7-1943 and offered to sell the same at Rs.57/- per lb. The Controller of Sp Supplies, Madras, has apparently intimated the President, Vellum Parachute Silk Co., that the Government of India would not take over this silk.

8 The President, Vellum Parachute Silk Co., in his letter dated 17-8-1943 wants the Government to move the Government of India to take over this silk paying a fair profit over the cost of production of Rs.57/- per lb. on the ground that this silk was produced for the Government of India and that it could not be sold as the reply from the Controller of Sp Supplies was received a month after the quotation was furnished to him by the Company.

9 As the President, Vellum Parachute Silk Co.,had been advised on 13-5-1943 alone to make his own arrangements to sell away the silk pending the decision of the Government of India, I do not think that it is possible to insist upon the Government of India to buy over the silk at the high rate quoted by the President. The silk should have been sold immediately in local markets when cocoon prices were high and when silk prices were high. I do not see how it is possible for the Government to compel the Government of India to buy the silk produced before 1-7-1943.

I have the honour to be,
Sir,
Your most obedient servant,

Special Officer.

Letter dated 17-8-1943 from the President, Vellum Parachute lk Co.,Ltd., Palace Road,Bangalore to theSpecial Officer, lature Expansion Scheme,Bangalore.

We have to inform you that the Controller of Supplies, South India Circle, Madras, asked us in his letter dated 2-7-43 what quantity of silk was manufactured by us prior to 1-7-43. We gave him the necessary information., viz., that we produced 219 lbs, 9.½ oz. of silk. After a delay of one month, we were informed that the Department of Supply was not interested in the purchase of silk prior to 1-7-1943.

This was a great surprise to us as we had all along been producing silk for the Government only and it was on the understanding that all our output would be taken by Government, that we started work. The Government cannot, therefore, in justice, go back upon their promise.

In this connection, we have to state that we had to buy cocoons in the market at Rs.2-4-0 and 2-8-0 per lb., and our approximate nett cost is Rs.57/- per lb. We bought cocoons before the cocoon control order came into force. When the control order was passed, there was a steep fall in prices. If we had been informed that the silk would not be required prior to the date of control, we would have easily put it in the market and made a good profit. As it is, the Government refusal to take the silk came too late and we were deprived of the benefit of selling the silk at a good profit before the date of control of cocoons.

As matters now stand, we are faced with the prospect of a heavy loss. As you are well aware, we started the work entirely for Government purposes and it is not fair for the Government to now to say that they do not require it.

We have therefore to request you to make suitable representations to the Government and see that the stuff held by us for the Government is taken over by them at a fair profit to us over our cost price.

Thanking you in anticipation,

Sd/- V.Sundaramurthy,

President.

"Copy"

Special Officer,
Filature Expansion Scheme,
Bangalore.

RJV)30-8-'43